

STANISLAUS COUNTY
EASTSIDE MOSQUITO
ABATEMENT DISTRICT

FINANCIAL REPORT
JUNE 30, 2008

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
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JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Side Mosquito Abatement District
Modesto, California

I have audited the accompanying basic financial statements of the East Side Mosquito Abatement District as of June 30, 2008 and for the year then ended. These basic financial statements are the responsibility of East Side Mosquito Abatement District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and guidelines published by the California State Controller. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Side Mosquito Abatement District as of June 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 to 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statement of East Side Mosquito Abatement District, taken as a whole. The accompanying financial and statistical information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement of East Side Mosquito Abatement District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Charles E. Strand".

Charles E. Strand
Certified Public Accountant

May 22, 2009

**EAST SIDE MOSQUITO ABATEMENT DISTRICT
MANAGEMENTS'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

As Management of the East Side Mosquito Abatement District, this narrative overview and analysis reflects the District's financial activities for the fiscal year ending June 30, 2008. We recommend that the reader consider this information in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS:

The District ended this fiscal year with revenues exceeding expenses by \$721,150. Tax revenues to increasing by about \$95,503 or 14% and improved interest rates are the major factors that caused the District to end the year with revenues increasing by \$102,161 over the previous fiscal year.

REQUIRED FINANCIAL STATEMENTS:

The government-wide financial statements, the Statement of Net Assets and Statement of Activities, are prepared using the full accrual basis of accounting, much like a for-profit organization. These statements reflect inventory and capital investments of the District, as well as presentation of the finances of the District as a whole (rather than by funds). These statements reflect the operating results for the year. Net assets are reported in three categories; invested in capital assets, net of related debt, restricted and unrestricted net assets. Net assets for the Districted consist of capital assets that have no related debt associated with the assets and unrestricted net assets. Unrestricted net assets are available for future expenditures.

Fund financial statements reflect how these services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements providing information about the District's two funds. In addition, the District's budget is prepared under the fund financial statement format as compared to the government-wide financial format.

A reconciliation of these two groups of financial statements is reflected in the financial statements.

Notes to the financial statements provide additional information that is essential to full understanding of the information provided in the basic financial statements. Required supplemental information consists of more detailed data on budget to actual revenues and expenditures.

**EAST SIDE MOSQUITO ABATEMENT DISTRICT
MANAGEMENTS'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS:

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$ 5,886,960, at the close of the fiscal year. A large portion of the District's net assets are unrestricted and available for purposes deemed necessary by the Board of Trustees and Management. The District's capital assets account for \$192,051 or 3% of the District total assets. The District uses these capital assets to provide a consistent level of mosquito control over time. Total assets are available to liquidate liabilities or for other spending purposes.

The District's fund balance increased by \$854,943, which represents a 17% increase. The District's unrestricted fund balance Decreased by \$345,057, and the restricted fund balance increased by \$1,210,003. These increased fund accounts are in comparison to the prior year account balances.

Government-Wide Financial Statements

Assets and Liabilities

Cash and Equivalents	\$5,802,726
Fixed Assets	192,051
Other Assets	<u>115,216</u>
Total Assets	<u>\$6,109,993</u>
Liabilities	<u>\$223,033</u>
Net Assets	<u>\$5,886,960</u>

Statement of Activities-Increase in Net Assets

Revenues	
Tax Revenue	\$2,146,516
Other Revenue	<u>347,190</u>
Total Revenues	<u>2,493,706</u>
Expenditures	
Salaries and Wages	\$797,810
Payroll Taxes	47,084
Employee Costs	261,536
Chemicals	241,542
Other Costs	<u>440,593</u>
Total Expenditures	<u>1,788,565</u>
Change in Net Assets	705,141
Net Assets Beginning June 30, 2007	<u>5,181,819</u>
Net Assets Ending June 30, 2008	<u>\$5,886,960</u>

**EAST SIDE MOSQUITO ABATEMENT DISTRICT
MANAGEMENTS'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

DISTRICT'S FUNDS:

The District's total combined governmental funds, as of June 30, 2008 was \$5,694,909, an increase of \$721,150, over the prior year as stated earlier. The reason for the increase in governmental funds was due primarily to an increase in revenue from property tax allocations determined by Stanislaus County, while on the whole, costs remained stable as compared to the prior year.

SIGNIFICANT EVENTS

The District purchased trucks at a price of \$18,122 to replace the oldest trucks in the fleet. The District also purchased Lab equipment and office equipment of \$13,037.

None of the capital assets were financed by debt. The Districts expenditures for chemicals for the fiscal year were \$241,542. Gasoline and oil expenditures remained unchanged.

BUDGETARY HIGHLIGHTS:

The District budgeted conservatively and made modest changes to improve its ability to better serve the public with the understanding that West Nile Virus arrived in the District in 2004. The total difference between actual and budgeted expenditures was a favorable amount of \$314,835. Employee salary and benefits increased by 8% as compared to the prior fiscal year, due to the addition of employees and the increased health care costs.

The District observed an increase in gasoline prices in the fiscal year. The District spent \$77,576 for gasoline and oil during the fiscal year.

**EAST SIDE MOSQUITO ABATEMENT DISTRICT
MANAGEMENTS'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS:

	<u>2006</u>
Land	\$21,548
Work in progress	267,487
Structures	497,614
Motor Vehicles	6,369
Aircraft	125,435
Equipment	<u>116,147</u>
Capital Assets	\$1,109,463
Less Accumulated Depreciation	<u>(917,412)</u>
Total Net Book Value	<u>\$192,051</u>

ECONOMIC FACTORS:

The uncertainty of the extra activities West Nile Virus would place on the District caused the District to budget conservatively to serve the public in the best manner fiscally possible.

REQUEST FOR INFORMATION:

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. As this is the District's first year applying GASB 34 Standards there are some comparative analyses that are not addressed. We look forward to implementing these in the future. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager, East Side Mosquito Abatement District, 2000 Santa Fe Avenue, Modesto, CA 95357.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

		June 30, 2008
	General	Total
	<u>Fund</u>	<u>Governmental</u>
		<u>Funds</u>
<u>ASSETS</u>		
Petty cash	\$ 200	\$ 200
Cash in County Treasury	5,802,526	5,802,526
Chemical inventory	98,172	98,172
Other assets	17,044	17,044
Fixed Assets	1,109,463	1,109,463
Accumulated Depreciation	(917,412)	(917,412)
Total Assets	<u>\$ 6,109,993</u>	<u>\$ 6,109,993</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts payable	110,948	110,948
Compensated absences	112,085	112,085
Total Liabilities	<u>223,033</u>	<u>223,033</u>
<u>FUND BALANCES</u>		
Fund Balance Unrestricted	3,399,365	3,399,365
Aircraft Replacement	397,595	397,595
Retirement Sick Pay	85,000	85,000
Depr of Assets	270,000	270,000
Property Purchase	1,735,000	1,735,000
Total Net Assets	<u>5,886,960</u>	<u>5,886,960</u>

Amounts reported for governmental activities vary as follows;

Total Fund Balance per Government Wide Statements	5,694,909
Capital Assets net of Accumulated Depreciation	192,051
Balance per Statement Above	<u>\$ 5,886,960</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

REVENUES

Property taxes	\$ 2,119,338
Other revenue	110,247
Homeowners Property Tax	27,178
Interest income	236,943
Total Revenues	<u>2,493,706</u>

EXPENDITURES

Salaries and wages	797,810
Payroll taxes	47,084
Retirement	67,056
Employee benefits	154,795
Insecticides	241,542
Supplies	12,698
Clothing and personal	97
Communicatgions	4,294
Insurance	125,468
Maintenance	57,285
Services	7,016
Office	29,391
Professional fees	22,686
Small tools	-
Taxes	30,606
District Special Expenses	50
Gas and oil	77,576
Trustee Fees and travel	21,448
Utilites	6,645
Capital expenditures	2,211
Depreciaiton	47,169
Administrative	39,268
Total Expenditures	<u>1,788,565</u>

Change in net assets	705,141
Net assets beginning, July 1, 2007	<u>5,181,819</u>
Net asset ending, June 30, 2008	<u><u>\$ 5,886,960</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET GOVERNMENTAL FUNDS
June 30, 2008

	<u>June 30, 2008</u>	
	General	Total
	<u>Fund</u>	Governmental <u>Funds</u>
<u>ASSETS</u>		
Petty cash	\$ 200	\$ 200
Cash in County Treasury	5,802,526	5,802,526
Chemical inventory	98,172	98,172
Other assets	17,044	17,044
Deposits	-	-
Total Assets	<u>\$ 5,917,942</u>	<u>\$ 5,917,942</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	110,948	\$ 110,948
Compensated absences	112,085	\$ 112,085
Total Liabilities	<u>223,033</u>	<u>223,033</u>

FUND BALANCES

Fund Balance Unrestricted	3,207,314	3,207,314
Aircraft Replacement	397,595	397,595
Retirement Sick Pay	85,000	85,000
Depr of Assets	270,000	270,000
Property Purchase	<u>1,735,000</u>	<u>1,735,000</u>
Total Fund Balance	<u>5,694,909</u>	<u>5,694,909</u>

Total Liabilites and Fund Balance	<u>\$ 5,917,942</u>	<u>\$ 5,917,942</u>
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Amounts reported for governmental activities vary as follows;

Total Fund Balance per Governement Wide Statements	\$ 5,886,960
Capital Assets net of Accumulated Depreciation	(192,051)
Long Term Compensated Absences	-
Balance per Statement Above	<u>\$ 5,694,909</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
GOVERNMENTAL FUNDS STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
For the year ended June 30, 2008

REVENUES

Property taxes	\$ 2,119,338
Other revenue	110,247
Homeowners Property Tax	27,178
Interest income	236,943
Total Revenues	<u>2,493,706</u>

EXPENDITURES

Salaries and wages	797,810
Payroll taxes	47,084
Retirement	67,056
Employee benefits	154,795
Insecticides	241,542
Supplies	12,698
Clothing and personal	97
Communications	4,294
Insurance	125,468
Maintenance	57,285
Loss on write off of equipment	(3,630)
Services	7,016
Office	42,429
Professional fees	22,686
Taxes	30,606
District Special Expenses	50
Gas and oil	77,576
Trustee Fees and travel	21,448
Utilities	6,645
Capital expenditures	20,333
Depreciation	-
Administrative	39,268
Total Expenditures	<u>1,772,556</u>

Revenue in excess of Expenditures	721,150
Beginning fund balance, July 1, 2007	<u>4,973,759</u>
Ending fund balance, June 30, 2008	<u><u>\$ 5,694,909</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
Reconciliaiton of the Statements of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
For the year ended June 30, 2008

Amounts reported for governmental activities in the statement of
activites are different because.

Net change in fund balances total governmental funds	\$ 721,150
Add capital expenditures	31,160
Add grizzly purchase	-
Less depreciation	<u>(47,169)</u>
Change in net assets Statement of Activities	<u>\$ 705,141</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EASTSIDE MOSQUITO ABATEMENT
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES
 AND CHANGES IN FUND BALANCES ALL FUNDS
 EXPENDITURE ORIGINAL BUDGET, FINAL BUDGET, AND ACTUAL
 For the year ended June 30, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>EXPENDITURES</u>				
Salaries and wages	\$ 900,548	\$ 900,548	\$ 797,810	\$ 102,738
Payroll taxes	48,537	48,537	47,084	1,453
Retirement	69,966	69,966	67,056	2,910
Employee benefits	188,945	188,945	154,795	34,150
Insecticides	303,000	303,000	241,542	61,458
Supplies	13,750	13,750	12,698	1,052
Clothing and personal	375	375	97	278
Communications	4,000	4,000	4,294	(294)
Insurance	169,000	169,000	125,468	43,532
Maintenance	60,000	60,000	57,285	2,715
Services	7,600	7,600	7,016	584
Administrative	35,300	35,300	39,268	(3,968)
Office	19,200	19,200	42,429	(23,229)
Professional fees	12,000	12,000	22,686	(10,686)
Small tools	200	200	-	200
County Charges	30,500	30,500	30,606	(106)
District Special Expenses	2,300	2,300	50	2,250
Gas and oil	80,000	80,000	77,576	2,424
Trustee Fees and travel	17,000	17,000	21,448	(4,448)
Utilities	8,800	8,800	6,645	2,155
Capital expenditures	20,000	20,000	20,333	(333)
Contingencies	100,000	100,000	-	100,000
Total Expenditures	<u>\$ 2,091,021</u>	<u>\$ 2,091,021</u>	<u>\$ 1,772,556</u>	<u>\$ 314,835</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - **ORGANIZATION**

The East Side Mosquito Abatement District ("the "District") was formed in 1939 to protect the public from mosquito borne diseases and the discomfort caused by mosquito bites. The District is responsible for the region north of the Tuolumne River in Stanislaus County. The governing body is made up of six members elected by the County of Stanislaus, Board of Supervisors. The District operates under an annual contract with the California Department of Health Services Vector Control Program.

Stanislaus County is responsible for the District's cash. The County collects and apportions the taxes that are the main source of revenue for the district. All disbursements, other than petty cash, are made using checks issued by Stanislaus County.

NOTE 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

Government-wide Financial Statements:

The government-wide financial statements the Statement of Net Assets and the Statement of Changes in Net Assets report information on all of the non-fiduciary activities of the district and its component units. Internal Service Fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The district does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the district, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the district.

Fund Financial Statements:

Fund financial statements report detailed information about the district. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The accounts of the district are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that compromises its asset,

EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liabilities, fund equity, revenue and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report as follows:

General Fund – The general fund is the general operating fund of the District. It is the only fund and or account group of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Funds – The capital project fund is to account for funds set aside for future capital expenditure or repair.

A. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement of focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income and interest earned on money held by the County are considered measurable when in the hands of the collecting government agency and are recognized at that time. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

B. Cash and Investments

Cash at June 30, 2008 consisted of the following:

	<u>Cost</u>	<u>Market</u>
Deposits:		
Cash on Hand	\$200	\$200
Pooled Funds:		
Cash in County Treasury	5,802,526	5,802,526

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Investments (continued)

The Federal Depository Insurance Corporation insures cash balances held in banks and in revolving funds up to \$100,000. All cash held by the financial institutions is fully insured or collateralized.

The district maintains substantially all of its cash in the Stanislaus County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost the fair market value of the pool as of the above date is shown above as provided by the pools sponsor. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is restricted by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer' investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Information regarding the amount of dollars invested in derivatives with the county treasury pool was not available.

Investments at June 30, 2008 held on behalf of the district, are presented below, categorized separately to give an indication of the level of risk associated with each investment.

2008

	Category			Carrying	Fair
	1	2	3	Value	Value
Pooled Funds	5,802,526			5,802,526	\$5,802,526
	<u>\$5,802,526</u>			<u>\$5,802,526</u>	<u>\$5,802,526</u>

Category 1: Insured or registered, or securities held by the district or its agent in the district's name

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the district's name.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Investments (continued)

Category 3: Uninsured and unregistered, with securities held by the counterparty, its trust department, or its agent, but not in the district's name.

C. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

D. Budgets and Budgetary Accounting

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The annual budget is prepared by Management and approved by the Board of Trustees. No amounts are provided for revenue as the County allocates property tax revenue per the Teeter plan, refer to Note 7. All appropriated amounts lapse at the end of the fiscal year.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change. All reservations and designations are approved by the Board of Trustees.

G. Inventory

The inventory consists of expendable supplies and chemicals held for field use, and are valued at lower of cost or market on a first-in, first-out basis.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Leave Policies

Compensated Absences -All full-time employees are eligible for vacation leave after one year of continuous service. During the year the amount of vacation leave accrued depends upon the years of services and date of hire with the District. In the event an employee is not permitted to take all of the vacation to which they are entitled in a calendar year, they shall be permitted to accumulate the unused portion to their credit, provided that on January 1 of any calendar year they shall not have a total credit of vacation of more than thirty working days. Seasonal employees are paid five days of vacation leave at the end of the season. Sick leave is accrued one day per month for fulltime employees and on a pro-rata basis for seasonal employees. Office employees will be paid 100% and the ground crew 100% of the current value of any unused sick leave at the time of retirement or leaving service. The amount of compensated absences at June 30, 2004 was \$-.

NOTE 3 – CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$2,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation for the year was \$-. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives in years:

Asset Class	Estimated Life
Structures & Improvements	10 to 35
Motor Vehicles	5
Shop Equipment	7
Aircraft	5 to 10
Operating Equipment	7
Office & Lab	5 to 15

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – CAPITAL ASSETS (continued)

The district maintains detailed records of the cost of property, plant and equipment. Costs and estimated costs of such assets have been accumulated as follows:

	Balance	Additions (Decrease)	Balance
	<u>6/30/07</u>	<u>(Depreciation)</u>	<u>6/30/08</u>
Land	21,548		21,548
Structures & Improvements	267,487		267,487
Motor Vehicles	534,520	(36,906)	497,614
Shop Equipment	6,369		6,369
Aircraft	125,435		125,435
Operating Equipment	116,147		116,147
Office & Lab	61,825	13,038	74,863
Work in Progress	-		-
Accumulated Depreciation	<u>(935,271)</u>	<u>17,859</u>	<u>(917,412)</u>
Total Net Fixed Assets	<u>\$198,060</u>	<u>(6,009)</u>	<u>\$192,051</u>

NOTE 4 – RETIREMENT PLAN

Full-time, year round employees participate in the Stanislaus County Employee's Retirement Association (StanCERA). The Association is an integrated public retirement system established under and subject to the legislative authority of the State of California as enacted and amended in the County Retirement Act of 1937 (Chapter 677, Statutes of 1937). It is a multiple-employer "Cost Sharing" plan.

Employees receive a 100% vested interest in the fund after 5 years of service. Vesting begins the first day of employment. StanCERA provides for retirement, disability, death, beneficiary, cost of living and ad-hoc retirement benefits. Employees with 10 years of service, who have attained the age of 50 or who have 30 years of service, regardless of age, are eligible to retire.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – RETIREMENT PLAN (continued)

Refer to the StanCERA, "Comprehensive Annual Financial Report" for fiscal year ending June 30, 2005, for further information regarding the retirement plan. This report may be obtained from StanCERA, 1010 10th Street, Suite 580, Modesto, CA. 95353-3160.

The District's seasonal employees are enrolled in the Public Agency Retirement Services Program (PARS). In 1990, the federal government enacted new laws requiring Social Security coverage for previously uncovered governmental employees. PARS, is an alternative to Social Security coverage for seasonal employees. PARS is a governmental multiple employer retirement system, in accordance with the Internal Revenue Code section 401. On a local level, the PARS plans are covered by California Government Code Section 53216 through 53224.

Contributions to the PARS plan consist of 5.5% from the employee and 2.0% from the district of paid compensation. Contributions are fully vested at 100% from the first day of coverage.

During the fiscal year the total amount of compensation for seasonal employees was \$211,000. Employee's contribution to the plan was \$14,352 and the District's contribution was \$4,554 totaling \$19,307 in contributions. A copy of the Financial Statement of the Public Agency Retirement System Trust for the year ended June 30, 2005 is available at the District office.

The annual pension cost for the PARS plan was equal to the District's required and actual contributions as shown below:

	For Year Ending 6/30/06	For Year Ending 6/30/07	For Year Ending 6/30/08
Annual Pension Cost (APC)	\$ 14,948	\$ 15,825	\$19,307
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	0	0	0

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – LONG-TERM DEBT

On July 28, 1986, the District entered in to an interest free loan with the State of California for \$35,390, per the State of California statutes of 1985. Repayment of this loan is made by remitting the supplemental roll tax revenue attributable to the 1984/85 fiscal year as it is received by the District. The amount due to the State of California as of June 30, 2004 was \$25,530 and was deemed to have expired during the fiscal year ended June 30, 2005.

NOTE 6 – PROPERTY TAXES

The District receives the majority of its funding through levied property taxes collected by Stanislaus County. The County adheres to the Alternative Method of Tax Apportionment or the Teeter Plan. The Counties application of the Teeter Plan involves three apportionments of the Current Secured Roll and three apportionments of the Secured Supplemental Roll. Under the Teeter Plan, the County apportions 55% of the original tax charge in December, 40% in April, and 5% at the end of the fiscal year. for the Current Secured Roll. The Secured Supplemental Tax Roll is based on cash collections and is apportioned in December and May. The District receives 100% of their apportionment prior to the end of their fiscal year, thus eliminating the need to record a receivable and an allowance for uncollectible accounts.

NOTE 7 – COMMITMENTS

The District leases a copier for a 36 month period beginning in February 2006. Monthly lease payments are \$171. Annual minimum payments for years ending June 30, 2007, are \$2219.

NOTE 8 – POST-EMPLOYMENT BENEFITS

Retired employees are also eligible for post-employment benefits through StanCERA, the Stanislaus County Employee's Retirement Association. Post-employment benefits include medical, dental, vision insurance and death benefits. Employees become eligible for benefits once they reach retirement age.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8 – POST-EMPLOYMENT BENEFITS (continued)

The District has six employees receiving retirement and post-employment benefits. The District does not incur any costs for these benefits. The post-employment benefits are funded from excess earnings of the retirement association. Refer to the StanCERA, "Comprehensive Annual Financial Report" for fiscal year ending June 30, 2005, for further information regarding post-employment benefits. This report may be obtained from StanCERA, 1010 10th Street, Suite 580, Modesto, CA. 95353-3160 a copy is also available at the district office.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As such, the District carries commercial insurance for all risks of loss. Worker's compensation insurance is funded through the State Compensation Insurance Fund.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition, there have been no settlements in excess of the District's coverage.

STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF ORGANIZATION
JUNE 30, 2008

BOARD OF TRUSTEES

Kandy Schmidt	Chairman
William S. Pringle	Vice-Chair
Carl Ott	Secretary
Ron Greenwood	Trustee
Fred Wilder	Trustee
Neil Van Duyn	Trustee

Lloyd Douglass	Manager
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STANISLAUS COUNTY
EAST SIDE MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2008

Comprehensive General	\$2,500,000
Public Officials and Employee Errors	\$2,500,000
Personal Liability Board Members	\$500,000
Workers' Compensation	\$2,500,000
Employment Practices Liability	\$2,500,000
Employment Benefits Liability	\$2,500,000
Employment Dishonesty	\$400,000
Auto Liability	\$2,500,000
Auto Physical Damage Program	\$30,000
Uninsured Motorist	\$750,000
Property Coverage	\$350,000,000
Boiler and Machinery	\$100,000,000
Workers' Compensation	Standard



CALIFORNIA EMERGENCY MANAGEMENT AGENCY
LOCAL ASSISTANCE MONITORING BRANCH
 3650 SCHRIEVER AVENUE
 MATHER, CALIFORNIA 95655
 PHONE: (916) 845-8120 FAX: (916) 845-8380

July 9, 2009



Mr. Lloyd Douglass
 Manager
 East Side Mosquito Abatement District
 2000 Santa Fe Avenue
 Modesto, CA 95357

mmmm
 Audit #04919

SUBJECT: SINGLE AUDIT REPORT FOR THE PERIOD ENDED JUNE 30, 2008
 FIPS #099-91000

Dear Mr. Douglass:

Since the California Emergency Management Agency (CalEMA) (formerly the Governor's Office of Emergency Services (OES)) is subject to the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, the CalEMA is required to monitor its subrecipients of federal awards to determine whether they have met the audit requirements of the Circular. The Circular specifically requires non-federal entities that expend \$500,000 or more in a year in federal awards to have either an annual single or program-specific audit, and that the audit report be submitted within nine months after the end of the audit period.

To date, an audit report for your organization for the year ended June 30, 2008 has not been received by the CalEMA. Accordingly, the CalEMA is requesting that you check one of the following options listed below, and return a signed copy of this letter to the above address within 30 days of its date, along with all appropriate documentation regarding your organization's compliance with the audit requirement. If findings were noted in your audit report, please include a summary of your management responses and corrective actions taken. In addition, please submit a copy of any separate letter to management mentioned in the audit report.

<input type="checkbox"/>	We have completed our A-133 audit for fiscal year(s) ended _____ . A copy of the audit report(s) is enclosed.
<input checked="" type="checkbox"/>	We expect our A-133 audit for fiscal year(s) ended <u>JUNE 30, 2008</u> will be completed by <u>AUG 31, 2009</u> . A copy of our audit report along with our management responses and corrective actions taken related to any findings will be forwarded to the CalEMA within 30 days of receipt of the report.
<input type="checkbox"/>	We are not subject to A-133 audit because: _____ We are a for-profit organization _____ We expend less than \$500,000 in federal awards annually _____ We are a component entity of the following organization and included in its A-133 audit: _____ _____ Other (please explain) _____ _____